

**Regional Tourism Organization 12
Parry Sound/Muskoka
O/A Explorers' Edge**

Financial Statements
For the year ended March 31, 2021

**Regional Tourism Organization 12 Parry Sound/Muskoka
O/A Explorers' Edge**

Financial Statements
For the year ended March 31, 2021

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Independent Auditors' Report

To the Members of Regional Tourism Organization 12 Parry Sound/Muskoka

Opinion

We have audited the accompanying financial statements of Regional Tourism Organization 12 Parry Sound/Muskoka (the "entity"), which comprise the statement of financial position as at March 31, 2021 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

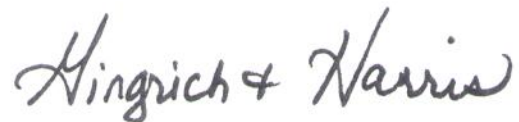
Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Parry Sound, Ontario
July 8, 2021

Chartered Professional Accountants
Licensed Public Accountants

Regional Tourism Organization 12 Parry Sound/Muskoka Statement of Financial Position

March 31 2021 2020

Assets

Current

Cash	\$ 106,528	\$ 80,527
Accounts receivable (Note 2)	66,447	91,544
Prepaid expenses	9,854	22,053
	182,829	194,124

Capital assets (Note 3)

2,952 3,874

\$ 185,781 \$ 197,998

Liabilities and Net Assets

Current

Short-term debt (Note 4)	\$ -	\$ 100,000
Accounts payable and accrued liabilities (Note 6)	49,131	99,925
Deferred revenue - OTMP	139,923	-
	189,054	199,925

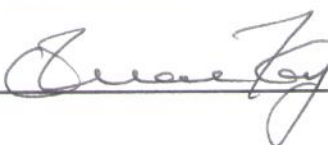
Net Assets

Fund balance (3,273) (1,927)

\$ 185,781 \$ 197,998

On behalf of the Board:

 _____ Director

 _____ Director

Regional Tourism Organization 12 Parry Sound/Muskoka Statement of Operations and Changes in Net Assets

For the year ended March 31	Budget (Unaudited)	2021	2020
Revenue			
Ministry of Tourism	\$ 1,148,107	\$ 1,148,107	\$ 1,148,107
Ontario Tourism Marketing Partnership	350,000	175,077	-
FedNor funding	-	-	57,791
Partnership income	60,000	57,575	123,225
Advertising partners	-	-	12,335
Interest income	-	9	631
Membership fees	-	348	230
	1,558,107	1,381,116	1,342,319
Expenses			
Administration and overhead			
Amortization	-	922	1,230
Salaries and benefits	370,000	371,779	365,798
Professional fees	7,449	4,881	7,568
Office and general administration	76,000	78,295	60,024
Travel and general expenses	34,658	39,228	42,819
Governance and industry relations			
Committee meetings	2,000	1,703	2,600
Governance, policy, communications etc.	8,000	6,352	8,296
Website and memberships	11,000	12,826	13,595
Marketing and promotion			
Marketing and social media	195,000	186,392	428,999
Transacting	190,000	188,861	20,397
Domestic recovery marketing support program	350,000	175,077	-
Product development and innovation			
Product development	2,500	2,616	51,495
Research	5,000	4,831	3,409
Other			
Investment attraction	500	185	635
Workforce training	80,000	68,339	1,452
Partnership program	226,000	240,175	334,082
	1,558,107	1,382,462	1,342,399
Excess of revenue over expenditure (Expenditure over revenue) for the year	-	(1,346)	(80)
Fund balance, beginning of year	(1,927)	(1,927)	(1,847)
Fund balance, end of year	\$ (1,927)	\$ (3,273)	\$ (1,927)

The accompanying notes are an integral part of these financial statements.

Regional Tourism Organization 12 Parry Sound/Muskoka Statement of Cash Flows

For the year ended March 31	2021	2020
Cash provided by (used in)		
Operating activities		
Net Loss for the year	\$ (1,346)	\$ (80)
Adjustments required to reconcile net income with net cash provided by operating activities		
Amortization of capital assets	922	1,230
Accounts receivable	25,097	84,387
Prepaid expenses	12,199	(6,458)
Accounts payable and accrued liabilities	(50,794)	(97,478)
Deferred revenue	139,923	-
	<u>126,001</u>	<u>(18,399)</u>
Financing activities		
Advance of short-term loan	<u>(100,000)</u>	100,000
Increase in cash during the year	26,001	81,601
Cash (bank indebtedness), beginning of year	<u>80,527</u>	<u>(1,074)</u>
Cash, end of year	<u>\$ 106,528</u>	<u>\$ 80,527</u>

Regional Tourism Organization 12 Parry Sound/Muskoka

Notes to Financial Statements

March 31, 2021

1. Significant Accounting Policies

a) Nature and Purpose of Organization

The organization was incorporated without share capital under the laws of Ontario as a not-for-profit organization and is exempt from corporation tax under the Income Tax Act of Canada. It's main purpose is to promote tourism in the Region of Parry Sound and Muskoka. The organization operates as Explorers' Edge.

b) Basis of Presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

c) Financial Instruments

Measurement of financial instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

d) Use of estimates

The preparation of these financial statements in conformity with Canadian standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

March 31, 2021

2. Accounts Receivable

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Regional Tourism Organization 12 Parry Sound/Muskoka Notes to Financial Statements

March 31, 2021

3. Capital Assets

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Computer equipment	\$ 2,465	\$ 1,439	\$ 1,026	\$ 1,467
Furniture and fixtures	8,162	6,236	1,926	2,407
	<u>\$ 10,627</u>	<u>\$ 7,675</u>	<u>\$ 2,952</u>	<u>\$ 3,874</u>

4. Short-term Debt

	2021	2020
Muskoka Community Futures Development Corporation	<u>\$ -</u>	<u>\$ 100,000</u>

The Organization received a bridging loan from Muskoka Community Futures Development Corporation during the year. The principal amount of the loan of \$100,000 is due on April 21, 2020, upon receipt of Provincial funding. The loan bears interest at 4.0% per annum and is secured by a general security agreement. The loan was repaid in full subsequent to year-end.

5. Due to/from the Ministry of Tourism

Any amount due to / from the Ministry is subject to review by the Ministry of Tourism.

6. Accounts Payable and Accruals

	2021	2020
Trade accounts payable	\$ 19,711	\$ 70,425
Accrued liabilities	<u>29,420</u>	<u>29,500</u>
	<u>\$ 49,131</u>	<u>\$ 99,925</u>

Regional Tourism Organization 12 Parry Sound/Muskoka

Notes to Financial Statements

March 31, 2021

7. Economic dependence

The organization received the majority of its revenue through grants from the Ministry of Tourism. The continuation of the organization is dependent on this funding.

8. Commitments

The organization has a commercial and operational agreement with Porter Airlines Inc. Subsequent to year end, the organization renegotiated the agreement as a result of COVID 19 and has committed to marketing support to be paid directly to Porter in the amount of \$150,000 in calendar 2021 and \$100,000 in calendar 2022.

9. Financial Assets and Financial Liabilities

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides the Organization's cash requirements.

Credit risk

The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Accounts receivable arise primarily from government contracts. The maximum exposure to credit risk is the carrying value of accounts receivable. Accounts receivable are non-interest bearing.

10. Subsequent Event

A global pandemic was declared in March 2020 by the World Health Organization associated with the novel coronavirus (COVID-19). The situation is ongoing and the future effects are not determinable at this time. As a result of the ongoing pandemic, the Organization has increased outreach services to the community and has received emergency funding. Management and the Organization's Board of Directors are working on cashflow analysis and additional sources of funding.
